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July 28, 2014

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
455 12th Street SW
Washington, DC 20554

Re: Notice of Ex Parte Communication, WC Docket No. 02-60

Madam Secretary:

In accordance with Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206, we hereby provide notice of an ex parte presentation in connection with the above-captioned proceedings. On July 17, 2014, I met with various members of the FCC and USAC staff, including, Tanya Tiwari, Elizabeth McCarthy, Pamela Arluk, Regina Brown, Dana Bradford, Vickie Robinson, Matthew Dick and Radhika Karmarkar of the Federal Communications Commission, Craig Davis, Jay Beard, Nikoletta Theodoropoulos. The purpose of the meeting was to provide the Commission and USAC staff with information related to the corporate, licensing and reimbursement structures of h of regional and national non-academic health systems and the practical challenges the data collection requirements of the Healthcare Connect Fund ("Program") pose to participation by such non-academic medical centers in the Program. The attendees in the meeting were provided with the attached slides.

Respectively,

HALL, RENDER, KILLIAN, HEATH & LYMAN, P.C.

A handwritten signature in black ink, appearing to read "Michael T. Batt".

Michael T. Batt



What is a not-for-profit hospital:

An overview of the structure of integrated
healthcare delivery systems

Michael T. Batt
John F. Williams III
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Health Care Provider - 47 U.S.C. 254

Eligible HCPs must be non-profit or public and also be:

- (1) post-secondary educational institutions offering health care instruction, teaching hospitals, and medical schools;
- (2) community health centers or health centers providing health care to migrants;
- (3) local health departments or agencies;
- (4) community mental health centers;
- (5) not-for-profit hospitals;
- (6) rural health clinics; and
- (7) consortia of HCPs consisting of one or more entities falling into the first six categories.

Agenda

- Types of Facilities
- Corporate Structure
- Reimbursement
 - Licensing
 - Network



Types of Facilities





What is a not-for-profit hospital?

- Bricks and mortar – the building
- Social Security Act – “hospital” 42 U.S.C. 1395x (e)
- Accountable Care Act – “hospital organization” 26 U.S.C. 501(r)
- State hospital licensing laws – the licensed facilities
- Reimbursement – A facility meeting the applicable “conditions of participation.”
- Logical design of health system networks – current practices in IT.



Facilities Come in Many Forms

- Acute care hospital clinics
- Critical access and community hospitals
- Woman's hospital
- Children's hospital
- Heart hospitals
- Cancer hospitals
- Long term care hospitals
- Rehabilitation hospitals
- Psychiatric hospital
- Free standing ER
- immediate care clinics/24 hour
- Ambulatory surgery center
- hospital employed physician offices (which may provide hospital services)
- Imaging centers
- laboratory



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Facilities Provide Many Services

- Emergency departments
- Surgical admission (surgery resulting in a stay in excess of 23 ½ hours)
- Labor and delivery
- Intensive care
- Imaging
- Laboratory
- Out patient procedure (Hospital, 24 hour emergency clinic, etc.)
- Psychiatric evaluations
- Patient office visit including primary care services and follow-up to procedures
- Rehabilitation
- Skilled nursing – provided within an acute care facility and swing bed facilities (i.e. patient cannot receive simultaneous coverage for both SWR-level services under Part A and inpatient hospital ancillary services under Part B)
- Blood services
- Hospice services/palliative care services
- Pharmacy/Medication services
- Wound care services

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Corporate Structure





Corporation – a person under law

- A corporation is a “person” within the meaning of the Fourteenth Amendment equal protections and due process provisions of the US Constitution. *Life Inc. Co v. Ward, Ala.*, 470 U.S. 869
- As a “person” a corporation is capable of owning, receiving and holding property.



Non-profit or Not-for-profit

- A nonprofit corporation is any legal entity which has been incorporated under the law of its jurisdiction for purposes other than making profits for its owners or shareholders
- Generally, the by-laws or articles of a not-for-profit corporation which operates one or more hospital facilities will limit the activities of the corporation to furthering the mission of the entity. Mission statements of such entities will generally take the form of improving the health of the community.



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501 – Tax Exempt Entity (Revenue Code)

An organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual. In addition, it may not be an action organization, i.e., it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates.

501(r) provides certain reporting requirements, including reporting information regarding community benefit and charity care.

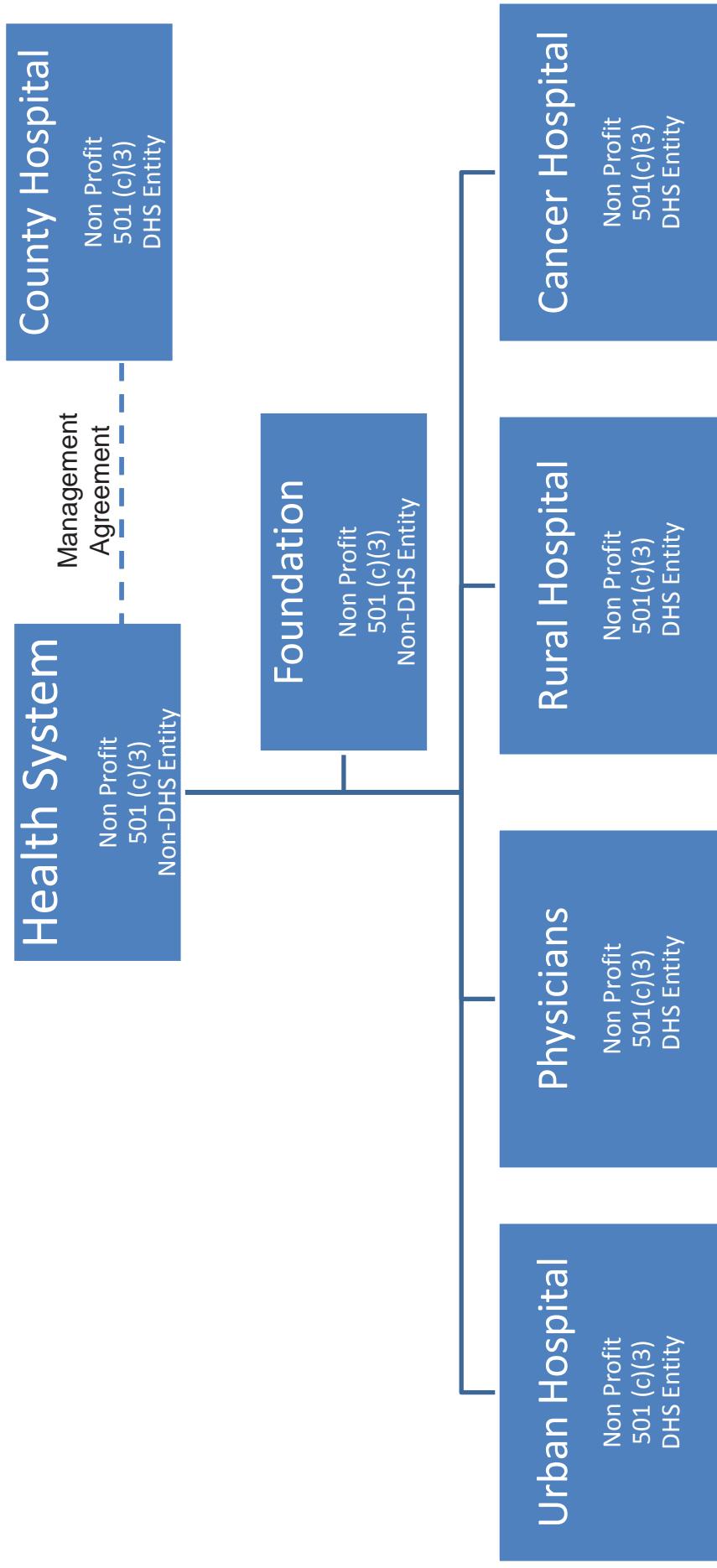
Critical Access



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■ Example of integrated health systemCorporate Structures





Health System

Management
Agreement

Non Profit
501 (c)(3)
Non-DHS Entity

County Hospital

Non Profit
501 (c)(3)
DHS Entity

Consolidated
Administrative Functions

Foundation

Non Profit
501 (c)(3)
Non-DHS Entity

Urban Hospital

Non Profit
501 (c)(3)
DHS Entity

Physicians

Non Profit
501(c)(3)
DHS Entity

Rural Hospital

Non Profit
501(c)(3)
DHS Entity

Cancer Hospital

Non Profit
501(c)(3)
DHS Entity

Inpatient
Outpatient
Imaging
Laboratory

Professional Services
Medical Staff for all
Hospitals
Primary care physicians

Acute Care Hospital
Women's Services
Off Campus Provider Base
Services at Physicians
Offices
Rehabilitation Hospital
Specialist Staffing
Arrangements

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Reimbursement





Medicare Reimbursement

- Part A - Inpatient (Hospitalization, Skilled Nursing Facilities,
Home Health Hospice)
- Part B - Ambulatory (hospital stays under 23 ½ hours,
professional service and other outpatient services)



Reimbursement

- 2 charges can be associated with a single treatment or procedure; facility fee and professional fee
- The same health services can be provided from different types of locations and be reimbursed at different levels.
- Employed physicians assign their right to be paid the professional fee to their employer, i.e. the hospital or practice
- The Reimbursement for the service takes into account the cost of providing the type of facility that is delivering care.
- Reimbursement is adjusted for various market factors including urban/rural standing.



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Licensing





Scope of License

A hospital license generally attaches to a primary location and additional service locations from which the hospital provides services.



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Licensing

- Licensing reviews the locations listed on the license to ensure the facility(s) complies with relevant life safety code, maintains appropriate oversight of the services provided by its medical staff, and provides services to the public in accordance with state requirements.
- Licensing is a state government function.
- Variation in state laws may result in multiple service locations being listed on a single license or each service address being licensed individually.
- State licensing requirements may be impacted by Certification of Need limitations.



Licensing (cont.)

- Each license will result in a separate Medicare provider number.
- State agencies may also provide survey and certification compliance with the Medicare Conditions of Participation.
- Alternatively, Hospital facilities may receive Joint Commission accreditation or other organization and maintained “Deemed status”.

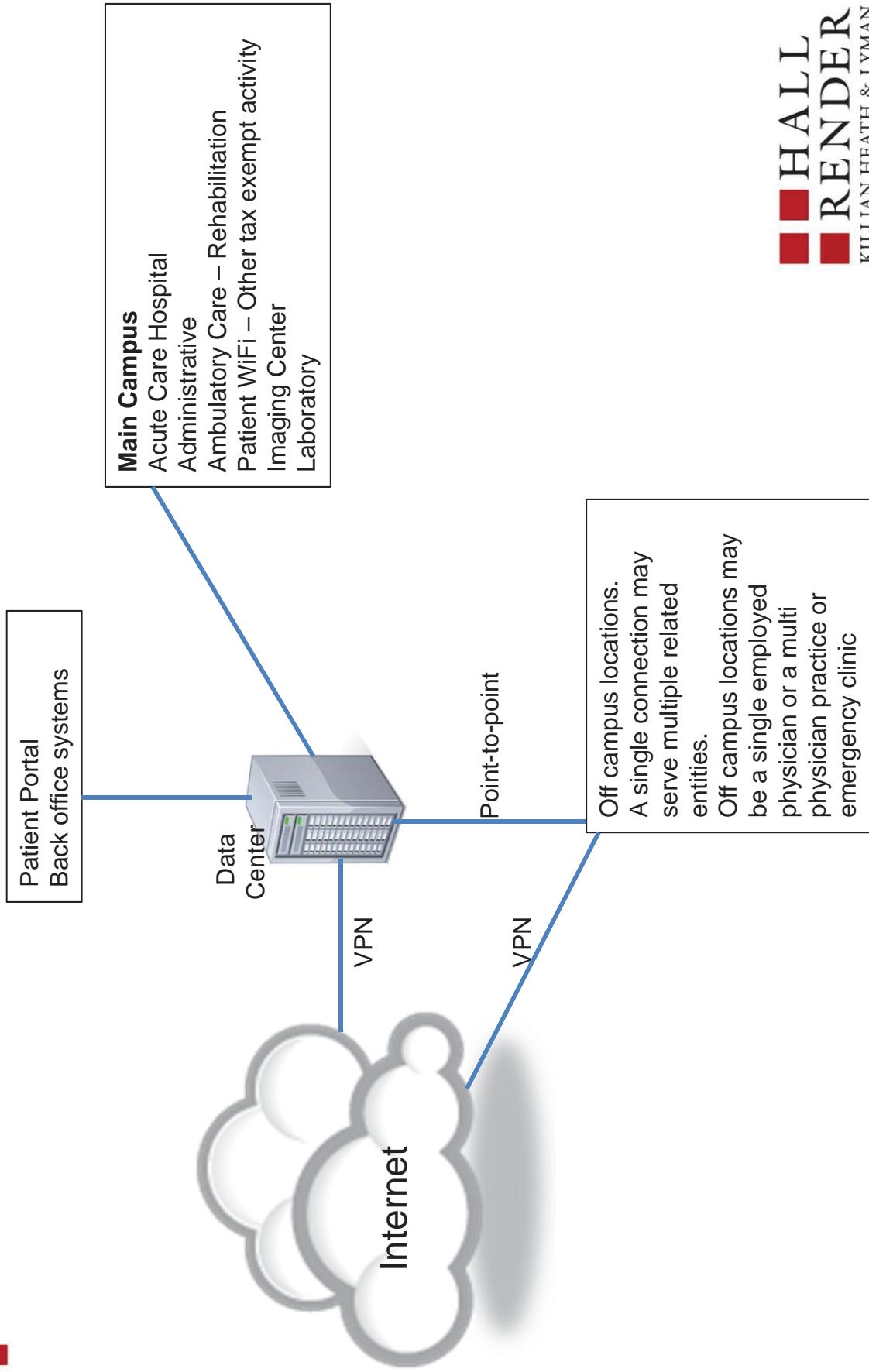
Network design



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